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SUBJECT: KOSOVO: UNMIK/PISG SELECT KOSMOCELL CONSORTIUM FOR
SECOND MOBILE TENDER

REF: (A) 06 PRISTINA 219 (B) 06 PRISTINA 752 (C) 06

PRISTINA 966 (D) 05 PRISTINA 1159

Classified By: Chief of Mission Tina Kaidanow for reasons
1.4 (B) and (D).

11. (C) SUMMARY: The Kosovo Telecommunications Regulatory Authority announced local consortium Kosmocell, which included American companies Computer Science Corporation and the Omni Group, as the winner of the second mobile telephone tender. UNMIK officials said the selection of Kosmocell was conducted in a fair and transparent process, but there have been NGO allegations reported in the press of irregular administrative and procedural decisions. It is possible some of the competitors will file protests against the decision arising from claims that the evaluation process was unfair, especially definition of certain criteria and late publishing of the score sheet. END SUMMARY.

KOSMOCELL SELECTED

12. (SBU) On February 6 the Kosovo Telecommunications Regulatory Authority (TRA) formally announced that the local consortium Kosmocell won the second mobile telephone operating license. The Kosmocell consortium is composed of local companies the Dukagjini Group, owned by Kosovo businessman Ekrem Lluka and the IT company Kujtesa; the Italian mobile operator, Eutelia; and American companies, the Computer Science Corporation and the Omni Group. According to TRA officials, Kosmocell won because the points it received for the technical specifications of the tender were the same or better in comparison to its competitors, and the consortia offered 81 million euros for the license, which was the highest offer made for the financial qualifications, which required a minimum bid of 20 million euros.

13. (SBU) Kosmocell beat out three other consortia that competed for the second mobile operating license: Slovenia Telecom/Ipko/Albright Group (Slovenia/Kosovo/USA) bid 71 million euros; Mobilkom Austria/Columbia Ventures Corporation (Austria/USA), 65 million euros; and Team Kosova (USA/Greece), 27.7 million euros. It is noteworthy that Slovenia Telecom has majority shares both in Ipko (70 percent) and Lluka's Kosmocell (51 percent), a position which UNMIK's Office of Legal Affairs (OLA) said did not violate the rules of the tender. Slovenia Telecom and Lluka (Mobitel/Mobikos consortium) won the original second mobile tender in 2004 before the process was annulled by the SRSG in 2005 due to irregularities.

UNMIK CLAIMS FAIR PROCESS...

¶4. (SBU) UNMIK officials believe that the selection of Kosmocell was fair and reputable due to steps it took to ensure integrity and transparency in the process in comparison to the original second mobile tender. Ernst Tschoepke, Senior Legal Officer for UNMIK's Office of Legal

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Affairs (OLA), said UNMIK agreed to have an international consultant develop the tender package and assist the evaluation committee prepare the score sheet (ref B). He noted that UNMIK pushed the PISG to set up a special supervisory committee to oversee the entire process and a separate evaluation committee to score bids to determine a winner. Tschoepke also noted that the SRSG selected two internationals outside of Kosovo to sit on the evaluation committee. He added that UNMIK Pillar IV, responsible for

Kosovo's economic policy, invited diplomatic liaison offices to observe some of the meetings of the evaluation committee as additional step to ensure the process would be reputable in the eyes of the international community.

...BUT SOME COMPANIES PLAN TO FORMALLY PROTEST OUTCOME

¶4. (C) That said, Team Kosova and possibly Austrian Mobilkom plan to formally protest the outcome of the evaluation due to what they say are questionable decisions and procedures in the tendering process. (Note: Nearly all of the companies competing for the second mobile tender complained about the mixed evaluation criteria, and most complained that the score sheet for the evaluation process was published after the expression of interest. End Note.) They argue that a mixed process is not clear or transparent, and complicates the evaluation committee's job of selecting a winner (ref C). They also assert that bidders were required to submit their offers before the score sheet was released, which they argue

is not a normal practice for mobile tenders. The companies complain that they did not have a chance to raise questions about certain criteria on the score sheet such as local content requirements and network roll-out strategy, which would have helped them to prepare better packages. Both Mobilkom Austria and Team Kosova said that international standard practice of publishing the score sheet is that it should be distributed at the same time the tender package is disseminated. UNMIK's Tschoepke said the reason the score sheet went out last was to ensure a fair process and avoid bid-rigging. According to Tschoepke, all bidders were somewhat disadvantaged, but noted that UNMIK officials were concerned that the score sheet might leak and believed that releasing it at a later moment would ensure a fairer process.

¶5. (U) One local anti-corruption NGO was also reported as having criticized the tender process. According to press reports, the group "COHU" said the results of the tender reflected political influence.

¶6. (SBU) USOP does not/not clear this cable for release to UN Special Envoy Ahtisaari.
KAIDANOW